

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 EA-07 ISO-00 NEA-10 FEA-01 INT-05 OES-03

AID-05 CEA-01 CIAE-00 COME-00 EB-07 FRB-03 INR-07

IO-10 NSAE-00 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 STR-04 L-03 H-02 OIC-02 /095 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 5721

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EFIN, ECON, ENRG, OECD

SUBJ: ECONOMIC POLICY COMMITTEE'S TEMPORARY WORKING
PART (TWP) PROPOSED MEETING OF STATISTICAL EXPERTS
ON "TERMS OF TRADE" BETWEEN OECD AND OPEC COUNTRIES

REF: STATE 297841 B) OECD PARIS 33085

1. EMBOFF MADE POINTS CONTAINED REF A WITH RESPONSIBLE FONOFF OFFICIALS (WATANABE, DRECTOR, AND NOGUCHI, DEPUTY DIRECTOR OF ECONOMIC AFFAIRS BUREAU'S SECOND INTERNATIONAL ECONOMIC AFFAIRS DIVISION) STRESSING IMPORTANCE AND DELICACY OF OPEC TERMS OF TRADE ISSUE AND NEED FOR ACCURACY IN MEASURING MOVEMENT IN OECD COUNTRIES' EXPORT PRICES. HE EMPHASIZED THAT USE OF UNIT COSTS MEASUREMENT HAD BEEN FOUND TO RESULT IN SUBSTANTIAL OVERSTATEMENT OF U.S. EXPORT PRICES IN PARTICULAR NOTHING THAT JAPAN, AS THIRD LARGEST EXPORTER TO OPEC COUNTRIES, ALSO HAS A SUBSTANTIAL STAKE IN A FAIR PRESENTATION OF EXPORT PRICE DATA, HE URGED THAT GOJ SEND AS EXPERT TO FEBRUARY MEETING (REF B) SOMEONE OF CALIBER OF BOJ'S KAZUHIRO KIUCHI.

2. NOGUCHI THANKED EMBOFF FOR INFORMATION RE TIMING OF EXPERTS MEETING, NOTING THIS INFO HAD NOT YET BEEN RECEIVED IN TOKYO BY GOJ. CONSEQUENTLY, HE SAID, GOJ HAD NOT YET FACED QUESTION OF WHETHER TO SEND EXPERT FROM TOKYO. TECHNICAL QUESTIONS, SUCH AS TRAVEL BUDGETS AND QUESTIONS OF WHICH MINISTRIES (E.G., FONOFF, MITI, MOF) SHOULD BE REPRESENTED, WILL ALSO NEED TO BE RESOLVED. HE EXPRESSED AGREEMENT WITH U.S. ASSESSMENT OF IMPORTANCE OF ISSUES, HOWEVER, AND PROMISED TO INFORM EMBASSY WHEN DECISION ON SENDING EXPERT IS MADE (PROBABLY AROUND MID-JANUARY).

3. ASST FINATT ALSO RAISED ISSUED CONTAINED REF A WITH GOJ REP TO TWP (OBA, DIR, INTFIN BUR'S RESEARCH DIV AT MOF). DISCUSSION STRESSED NEED TO LIMIT FOCUS OF EXPERTS' MEETING (REF B) TO ISSUE OF OECD EXPORT PRICES RATHER THAN TERMS OF TRADE AND AVOID PRICE MEASURES WHICH WOULD IN FACT BE UPWARD-BIASED INDICATORS OF REPORT PRICE MOVEMENTS. OBA SHARED CONCERN THAT BROAD SCOPE OF LIMITED OFFICIAL USE

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DISCUSSIONS EITHER AT FEB EXPERTS' MEETING OR JAN MEETINGS OF FOURTH COMMISSION WOULD BE DISADVANTAGEOUS TO OECD MEMBERS. ALTHOUGH OBA HAD ATTENDED DEC 17 TWP MEETING, HE ALSO WAS UNAWARE THAT EXPERTS' MEETING HAD BEEN SET FOR FEB 5 AND 6. MOF NOW FULLY ENGAGED IN FINAL ARRANGEMENTS FOR JFY 1976 BUDGET AND IT IS CLEAR THAT GOJ WILL NOT BEGIN TO FOCUS ON ISSUE OF PARTICIPATION IN FEB EXPERTS' MEETING UNTIL AFTER NEW YEAR'S HOLIDAYS.

4. GUIDANCE REQUESTED: EMBASY BELIEVES FURTHER LOW-KEY
APPROACH TO GOJ AFTER NEW YEAR'S HOLIDAYS WOULD BE USEFUL
IN STRESSING USG CONCERN ON THIS ISSUE. PLEASE ADVISE
WHETHER DEPT AND TREASUREY CONCUR WITH PROPOSAL FOR SECOND APPROACH
TO GOJ.
HODGSON

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